

Message Text

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13

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 6107

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L TOKYO 10582

DEPT PASS EXIMBANK AND TREASURY

E.O. 11652: GDS

TAGS: ENRG, OVIP, JA, UR, US

SUBJECT: VISIT OF JAPANESE EXIMBANK PRESIDENT SUMITA

1. EMBOFF MET AUGUST 17 WITH ICHIRO SHINBA, EXEC.
DIRECTOR OF JAPANESE EXIMBANK, AND JUNICHI NAKAGAWA,
DEPUTY DIRECTOR OF COORDINATION DEPT. OF EXIMBANK
(BOTH OF WHOM WILL ACCOMPANY EXIMBANK PRES. SUMITA TO
WASHINGTON AND MOSCOW) TO DISCUSS SUBJECTS EXIM GROUP
WILL RAISE IN WASHINGTON. FOLLOWING IS LIST OF SUBJECTS
SUMITA WOULD LIKE TO DISCUSS:

A) US AND JAPANESE ESTIMATES OF TOTAL COST OF EXPLORATION
ACTIVITIES IN YAKUTSK AREA.

B) JAPANESE PRESENTATION OF INFORMATION ON SIBERIAN
DEVELOPMENT PROJECTS UNDERTAKEN AND THOSE PRESENTLY UNDER
CONSIDERATION. REQUEST FOR BACKGROUND ON NORTH STAR
GAS PROJECT AND THREE KAMA RIVER PROJECTS (TRUCK,
FLATWARE, AND HYDRAULIC PUMP MANUFACTURING FACILITIES).

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C) DETAILS OF EXPLORATION PROJECT IN YAKUTSK

1. COURSE OF DEVELOPMENT (TIMING)

2. WHETHER OR NOT US WILL CONSIDER EXPLORATION AND DEVELOPMENT PROJECTS AS COMPLETELY SEPARATE, WITH EXPLORATION CREDIT NOT IMPLYING COMMITMENT TO TOTAL PROJECT.

3. FINANCING ARRANGEMENTS INCLUDING DOWNPAYMENT, INTEREST RATE, PERIOD, METHOD OF REPAYMENT, COMMITMENT FEE, WILLINGNESS OF US EXIM TO GIVE PREFERENTIAL INTEREST RATE, PRIVATE-EXIMBANK FINANCIAL MIX. DISCUSSION OF SOVIET LIST OF REQUIRED EQUIPMENT (SEE TOKYO A-678, AUGUST 2, 1973).

4. ESTIMATE OF EFFECT OF RISING WORLD INTEREST RATES AND APPLICABLE INTEREST RATE AT TIME FUNDS ARE LOANED.

D) SOVIETS MAINTAIN THAT A GOVERNMENT GUARANTEE SHOULD NOT BE NECESSARY FOR EXPLORATION CREDITS. REACTION OF BOTH EXIMBANKS TO THIS SOVIET POSITION.

E) METHODS OF RECONCILING DIFFERENCES IN TERMS AND PROCEDURES OF TWO EXIMBANKS FOR EXTENSION OF EXPLORATION CREDIT.

F) TREATMENT OF LOCAL COSTS AND SOVIET DESIRE FOR SOME THIRD COUNTRY PROCUREMENT.

G) GENERAL DISCUSSION OF DEVELOPMENT LOANS FOR FULL YAKUTSK GAS PROJECT. RELATIVE ROLE OF PRIVATE FIRMS AND GOVERNMENT AGENCIES IN FUTURE DISCUSSIONS.

2. IN VIEW OF SCOPE OF JAPANESE PROPOSED TOPICS, SHINBA SUGGESTED THAT CHAIRMAN KEARNS AND PRES. SUMITA MIGHT DECIDE AT OPENING OF MEETING WHICH AREAS THEY WOULD INITIALLY LIKE TO DISCUSS. SHINBA ASKED IF IT MIGHT BE POSSIBLE FOR HIM TO MEET, PERHAPS MORNING OF AUG. 21, WITH OTHER EXIM OFFICIALS TO DISCUSS MORE DETAILED POINTS. EMBOFF SAID
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HE WOULD RELAY REQUEST.
SHOESMITH

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